

ASSEMBLY BILL

No. 2388

Introduced by Assembly Member Vargas

February 23, 2006

An act to amend Section 454.6 of the Public Utilities Code, relating to public utilities.

LEGISLATIVE COUNSEL'S DIGEST

AB 2388, as introduced, Vargas. Electricity contracts: replacement or repowering projects.

Existing law relating to electrical restructuring requires a contract entered into by an electrical corporation pursuant to an approved procurement plan for the electricity generated by a replacement or repowering project that meets specified criteria to be recoverable in rates, in a manner determined by the Public Utilities Commission to provide the best value to ratepayers.

This bill would clarify that the costs of such a contract are required to be recoverable in rates.

Vote: majority. Appropriation: no. Fiscal committee: no.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 454.6 of the Public Utilities Code is
- 2 amended to read:
- 3 454.6. (a) *A* *The costs of a* contract entered into pursuant to
- 4 Section 454.5 by an electrical corporation for the electricity
- 5 generated by a replacement or repowering project that meets the
- 6 criteria specified in subdivision (b) shall be recoverable in rates,
- 7 taking into account any collateral requirements and debt

- 1 equivalence associated with the contract, in a manner determined
2 by the commission to provide the best value to ratepayers.
- 3 (b) To be eligible for rate treatment in accordance with
4 subdivision (a), a contract shall be for a project ~~which~~ *that* meets
5 all of the following criteria:
- 6 (1) The project is a replacement or repowering of an existing
7 generation unit of a thermal powerplant.
- 8 (2) The project complies with all applicable requirements of
9 federal, state, and local laws.
- 10 (3) The project will not require significant additional
11 rights-of-way for electrical or fuel-related transmission facilities.
- 12 (4) The project will result in significant and substantial
13 increases in the efficiency of the production of electricity.
- 14 (5) The Independent System Operator or local system operator
15 certifies that the project is needed for local area reliability.
- 16 (6) The project provides electricity to consumers of this state
17 at the cost of generating that electricity, including a reasonable
18 return on the investment and the costs of financing the project.